Warning! 12 Million Canadians Fear They Will Run Out of Money

Description

The coronavirus pandemic has been hard on all Canadians. In addition to those who have contracted the virus, some Canadians have seen their incomes impacted or lost their jobs altogether. This has reminded us of the importance of staying on top of our personal finances and having an adequate cash reserve for an emergency rainy day fund.

A recent survey of Canadians shows a whopping 40% now fear they may run out of money due to the coronavirus pandemic. While this is mostly older Canadians on the verge of retirement or in retirement, looking across Canada, 40% of adults is roughly 12 million Canadians.

It's important to learn from our mistakes and make sure we are prepared next time there is a significant black swan event that impacts the economy. However, Canadians still need a solution today to help with the impact of the pandemic.

Use CRA cash benefits to help

The recovery benefits set up by the Canadian government as well as the CRA are there to make this crazy year just a little easier. There are several different benefits programs to help Canadians in all situations who are being impacted by the pandemic.

It's crucial that you research these benefits and know all the rules. Just because you don't apply for a benefit today doesn't mean you won't qualify eventually.

So, make sure you get educated with the support programs available from the CRA and use that knowledge to help plan your finances through the next few months.

Canadian stocks to buy

For retirees or those on the verge of retirement, investing in high-quality and defensive dividend stocks will be key to make sure you don't run out of money.

Finding high-quality, defensive stocks is crucial for several reasons. First off, the stocks hold value better. This means if we see another market crash over the next few years, these stocks will be a lot less volatile than the rest of the market.

So, if the **TSX** falls 50%, maybe your defensive investments will only decline by 25%. This is crucial for Canadian retirees, especially to protect your capital and preserve your investments.

Defensive stocks almost always pay an attractive dividend, too. And because these stocks have resilient operations (that's what makes them defensive), you can count on these dividends to continue to pay out passive income, even if the market is struggling.

For example, **North West Company** (TSX:NWC) is a consumer defensive business that owns grocery stores in remote regions. Supermarkets have always been known to be defensive companies, but they've been especially important through the pandemic.

Plus, North West operates mostly in remote regions. This means there aren't as many substitutes for its customers to go to, especially with all the lockdowns we've seen this year.

That's why North West would be the perfect stock for Canadians who are worried they may run out of money. Not only has the stock appreciated in value through 2020, but it also increased its dividend. That provided a 9% increase to investors collecting the dividend as passive income. Today, that dividend yields roughly 4.3%.

Bottom line

There will always be risks impacting investors ahead of retirement. However, with strong financial planning and investments in high-quality stocks, Canadians can mitigate a tonne of that risk. This way, you can live your retirement the way you want and don't have to ever worry about running out of money.

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